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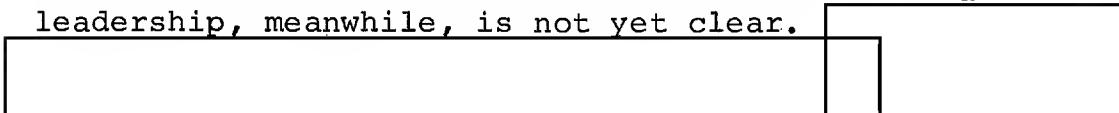
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South Vietnam: A call for a 24-hour general strike in Saigon today reflects the growing confrontation between Saigon's unions and the government.

The Saigon - Gia Dinh Council of the Vietnamese Confederation of Labor has been trying to persuade the government to get the city's bus company back in operation ever since the buses stopped running last August. Worker impatience with the government's slowness to act led to a confrontation between bus-workers and police outside the labor confederation's Saigon headquarters on 26 December and persuaded the council to threaten a strike at that time. The increasingly hard line recently taken by Saigon's local labor leaders is one more indication of the widespread disgruntlement with the recent sharp rise in the cost of living.

The labor confederation's national organization has been one of the most important sources of political support for the government. Even if effective action is now taken to prevent the union-government quarrel from becoming more serious, the Saigon council's public challenge of the government is at the least likely to weaken the confederation's support. The attitude of the labor confederation's national leadership, meanwhile, is not yet clear.



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USSR - Communist China: Moscow appears to be lifting its restraints in the polemical battle with Peking as the second round of border talks gets under way.

The Soviet central press has begun attacking China more openly and directly than has been characteristic of Moscow's propaganda since the Peking talks began in October. Pravda, Izvestia, and the weekly New Times have, in the past several days, criticized various aspects of Maoist policy. In addition, the US Embassy in Moscow reports that some of the more vicious anti-Mao propaganda tracts, which had disappeared after the Kosygin - Chou En-lai meeting in September, are reappearing in Moscow's bookstores.

The renewal of Soviet criticism comes in the wake of especially harsh Chinese polemical attacks. Even though this does not provide an auspicious background for the resumption of the talks, Moscow may have believed that Peking's attacks had risen above a tolerable level. In addition, Moscow certainly hopes that Peking interprets the shift as a sign that because of the lack of progress in the talks Moscow's patience is wearing thin.

The resumption of polemics, even with a less strident tone than before the talks began, could also be designed to help prepare the Soviet domestic audience in case the negotiations do not reach an acceptable conclusion. [redacted]
Soviet diplomats [redacted] have been taken aback by the virulence of recent Chinese polemical attacks, and appear less sanguine than before about prospects for early progress in the talks. [redacted]

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Israel - Arab States: Clashes on the cease-fire lines continue at a high and steady daily rate.

Israeli aircraft yesterday carried out strikes at fedayeen bases in Lebanon.

There is growing concern in Israel over the increase in incidents on the Lebanese and Jordanian borders. The Israeli cabinet recently discussed the problem, and the subject was also raised by the Israeli representative in the UN. The principal bone of contention with Jordan is the continued harassment of Israeli settlements in northern Israel. The Israelis believe that King Husayn's strictures forbidding the Jordanian Army to support the fedayeen are not being obeyed. As a consequence, the Israelis are hitting Jordan harder. They blew out a section of the East Ghor Canal last week; in addition, they continue to shell the large city of Irbid and have knocked out Jordan's only operating radar station.

Nasir continues to try to demonstrate an aggressive stance and warlike spirit, while Israeli aircraft continue to pound the west bank of the canal on a daily basis. On 4 January the Egyptian Air Force again entered the fray and Israel claimed that two, possibly three, MIG-21s were downed, bringing Egypt's total aircraft combat losses since the 1967 war to at least 62. Egyptian jets yesterday raided Israeli positions along the canal for the first time since November, and Egyptian commandos carried out an apparently unsuccessful raid, reportedly losing nine killed.

There are no indications that Israel intends in the immediate future to take more Arab territory "to gain more security." Israeli military leaders have from time to time hinted, however, that such a solution may eventually be necessary not only vis-a-vis Jordan, but also Lebanon. Minister of Defense Dayan recently created considerable consternation by inferring publicly that Israel might have to take more territory east of the Jordan River.

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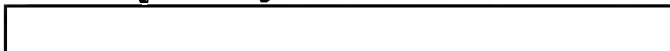
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Hungary - West Germany: Hungary has publicly stated that it is ready to improve trade and other bilateral relations with the West Germans.

In an interview on West German television on 5 January, Hungarian Foreign Minister Peter cited his government's favorable assessment of Bonn's intentions. The Hungarians are expected to make trade proposals during annual bilateral trade talks this February.

Peter did, however, put the damper on speculation that Hungarian diplomatic recognition of West Germany is being considered at this time. Peter tied such a development to the German problem and gave the East Germans strong verbal support for the first time in many months. He said that West Germany would have to "settle" relations with East Germany on the basis of international law, and strongly implied that this was a precondition for Hungarian diplomatic recognition. Peter had just returned from a late December conference with his Soviet counterpart Gromyko, and Hungary's position on this point was undoubtedly reviewed at that time.

While Bonn's attention is currently directed toward talks with Warsaw, Pankow, and Moscow, the West German Government may welcome this opening for expanding its economic relations with Hungary.



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West Germany - Greece: Bonn will inform the Western European Union (WEU) this week of plans to complete the construction of four 1,000-ton submarines on contract to Greece.

Under the terms of the WEU treaty, which regulates German military production, Germany is prohibited from producing submarines in excess of 450 tons. Although an exception to this treaty was granted in 1963 to allow the Germans to build six 1,000-ton submarines, presumably for the German Navy, it was not acted upon.

Four submarines of this size, however, are currently under construction as a result of a \$40-million order received from Greece in 1968. The first boat will be completed this fall with the others following at four-month intervals. Germany contends, with SACEUR's backing, that these submarines would greatly increase Greece's capability to defend NATO's southern flank.

Bonn had earlier intended to seek a WEU exception specifically for this deal, but the WEU requirement for a unanimous decision was blocked by France's continuing boycott of the organization. The Germans had also argued that the WEU restrictions would not apply if the submarines were assembled in Greece.

In a similar deal with Argentina, Germany did not approach the WEU because the final assembly was to take place in Argentina, with Germany exporting sections rather than completed submarines. Greece had also planned to do the final assembly, but does not have the necessary facilities.

Germany might decide to deliver the boats to Greece with or without WEU approval. Bonn reportedly intends to use the 1963 exception to justify

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the present construction. Thus the broader question of Allied arms shipments to Greece will probably be raised at the WEU meeting on 9-10 January. At least some of the WEU members, particularly the Dutch, may be inclined to try to block the Germans as another step in their campaign to isolate the Greek junta.

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Albania: The "cultural revolution" has claimed at least two lives.

A mid-December article in the party daily, Zeri I Popullit, revealed that during the latter half of 1969, two youth leaders in the Tepelene District were driven to suicide. A subsequent investigation by the party central committee has led to a purge and public trial of a number of Tepelene officials. The Tepelene incident is indicative of problems within the Albanian Workers' Party on the local and district levels.

The ultimate goal of the "cultural revolution" is to destroy traditional clan and religious values and to replace them with the unique Albanian brand of Stalinist Communism. So far, reports of the progress of this program have been sporadic and often vague. The new, more violent phase suggests the Albanian "cultural revolution" is meeting with opposition. Last October Hoxha indicated that these problems existed. He touched on the events at Tepelene, suggesting that the party chief is keeping a close watch on the situation in order that it not get out of hand.

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Ghana: The Busia government is pushing ahead with its program to expel large numbers of resident foreigners despite adverse reactions from neighboring states.

Because of its public statements, the government has become increasingly committed to the removal of a great number of the resident aliens, estimated to be over two million. Officials of the government and ruling party have privately stated that their goal is to expel 500,000 by next summer and up to 1.5 million within the next two years. More than 70,000 have left since Accra began enforcing its immigration laws last month.

There is now so much domestic support for the policy that the regime must ensure the continuing departure of aliens or face adverse political consequences. The government believes the replacement of aliens by Ghanaians in unskilled jobs and small commercial establishments is an essential step in coming to grips with the country's serious unemployment problems.

Most of the expulsions thus far have been of "illegal" undocumented aliens. However, the regime now intends to move against officially registered foreigners by refusing to grant resident permits in areas where there are Ghanaians available to fill jobs and by granting only three-month permits in other areas. Officials are also considering amending a law requiring Ghanaian ownership by July 1973 of small businesses so that it will take effect next July.

The government does not seem overly worried about adverse reaction from its poorer neighbors such as Niger, Togo, and Upper Volta, which still have large numbers of their citizens in Ghana. There is some concern, however, over growing friction with Nigeria, where the government is under

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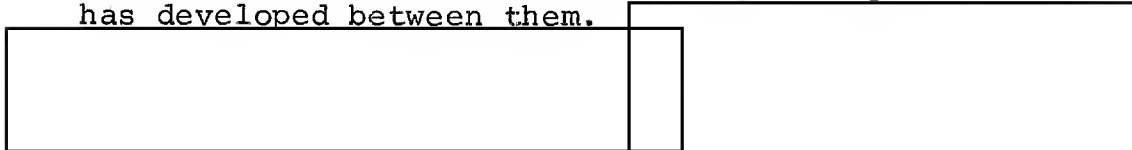
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increasing public pressure to retaliate by expelling resident Ghanaians. The Nigerians are also angered over Ghana's granting special refugee status to Biafrans. Relations between the two countries are now visibly strained, and something of a press war has developed between them.



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Italy: Interparty talks to consider replacing Prime Minister Rumor's minority government with a new center-left coalition resumed briefly on 5 January. No date has been set for the next meeting, but it is likely to be scheduled after the Socialist Party's central committee meeting expected next week. Some leaders, especially within the Christian Democratic and Socialist parties, however, want a new national coalition only after regional and local elections next spring.

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Cuba - Latin America: Another Cuban effort to establish a new air route to Latin America has ended in failure. According to the US consul in Nassau, Cuban officials have agreed to withdraw their request to begin regularly scheduled Cubana Airline flights between Havana and Nassau after the proposal met with strong resistance from the Bahamian Government. The request closely follows an apparently unsuccessful attempt by a Mexican airline to secure authorization from the Mexican Government for a passenger flight between Havana and Merida, Mexico. At present, Cuba's only direct air connection with Latin America via Cubana Airlines is through Mexico City, where passengers must undergo close scrutiny. [REDACTED]

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USSR-Afghanistan: The recent visit of Soviet Defense Minister Grechko to Afghanistan appears to have been largely a goodwill effort, designed to remind Afghanistan of the interests of its powerful northern neighbor. Ranking Soviet visitors travel to Kabul often, and the Soviets have long held that their relations with much smaller Afghanistan are exemplary. Grechko spent most of his time attending either social functions or military maneuvers. When the Afghans tried to discuss Soviet military aid, they reportedly were told politely to take the matter up with their regular contacts in the Soviet Government. Grechko may have been interested, however, in seeing how well the Afghans are using Soviet military aid. He has visited several of the more important Soviet military aid clients in the past year.

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